



INTERNAL AUDIT SPECIAL ASSIGNMENT POLICE DEPARTMENT D.A.R.E. ACCOUNT

December 3, 2001

Roanoke City Council Audit Committee
Roanoke, Virginia

We have audited the D.A.R.E. account in accordance with generally accepted government auditing standards.

BACKGROUND

On September 25, 2001, the municipal auditing department received a letter alleging that funds had been misappropriated from the Drug Abuse Resistance Education (D.A.R.E.) program. In response to the letter, auditing initiated an audit of the police department's D.A.R.E. account.

The D.A.R.E. program is a police officer-led series of classroom lessons that teach children from kindergarten through 12th grade how to resist peer pressure and live productive drug-and-violence-free lives. The program teaches kids how to be assertive and to deal with peer pressure by saying no effectively. Students learn about the dangers of drugs and gain self-confidence by acting out problem situations. The program initially focused on elementary school children but now includes middle school and high school programs.

The D.A.R.E. program receives funding from the City as well as the Roanoke City School system. The school system provides approximately \$9,200 per year for the purchase of training supplies, officer wearing apparel, and resource officer in-service supplies. The City provides funding for general D.A.R.E. expenditures and a summer D.A.R.E. camp. The City also accepts donations for the benefit of the D.A.R.E. program. The City has historically budgeted \$12,000 annually for general D.A.R.E. expenditures. The City also provides \$24,375 for the D.A.R.E. Summer Camp each year. The weeklong camp offers a variety of classes such as archery, canoeing, fishing, crafts, and sports for approximately 250 students each year.

Prior to fiscal year 2002, the donations received for the D.A.R.E. program were accounted for within the Reimbursements account of the Police Services Division, a recovered cost account. In addition to donations, this account included towing fees, auction proceeds, state reimbursements for extraditions, and miscellaneous rebates and refunds. The D.A.R.E. general expenditures and donated expenditures were

accounted for within one account in the Police Investigations Division. The combination of these factors has made it difficult to maintain accountability for the D.A.R.E. donations. During fiscal 2002, a new recovered cost account was set up in the Police Investigations Division for the D.A.R.E. donations to increase accountability for these funds.

PURPOSE

The purpose of our review was to 1) determine the nature of D.A.R.E. expenditures, 2) determine that D.A.R.E. expenditures are appropriate as to the program purpose, 3) determine that donated funds are used for their intended purposes, 4) determine appropriate treatment of budgeted funding and donations remaining unexpended at year-end.

SCOPE

We audited the D.A.R.E. account as of September 30, 2001. Transactions involving the D.A.R.E. account were reviewed for fiscal years 1999, 2000, 2001, and 2002.

METHODOLOGY

We obtained an understanding of the D.A.R.E. program by reviewing available documentation and interviewing staff members from the Police Department, the Office of Management and Budget, and the Department of Finance. We documented our understanding in a narrative, and performed certain test work to meet the objectives of the audit. We developed recommendations based on the results of the test work and staff interviews. Because there were few transactions involving the D.A.R.E. account, statistical sampling was not used.

RESULTS

Based on the results of our audit work, we noted the following issues:

Finding 01

Donation related transactions are accounted for in multiple operating divisions of the Police Department. For example, D.A.R.E. accounts are located in the Police Investigation Division as well as the Police Services Division, C.O.P.E. accounts are located within the Police Patrol Division, donations and expenditures for the Citizens Sporting Event are accounted for in the Police Services Division, and transactions for the Citizen Police Academy are accounted for in the Police Training Division.

Recommendation 01

We recommend that the Police Department adopt the Office of Management and Budget's recommendation to move all donation related accounts to the Police Services Division to facilitate accountability for the donated funds.

Management Response 01

All donation related accounts have been moved to the Police Services Division (3114) to facilitate accountability of donated funds. This was completed by Ann Shawver in Finance on November 6, 2001.

Finding 02

The account structure for donated funds is not subject to appropriate budgetary controls. The donation accounts are grouped with operating accounts within the various Police divisions. The donated funds can be used to offset operating expenditures made by the department. This increases the risk that donated funds could be used for expenditures not consistent with the intent of the donor.

Recommendation 02

We recommend that the Police Department adopt the Office of Management and Budget's recommendation to group all donation recovered cost accounts into one appropriations unit, and to place each donations expenditure account into a unique appropriations unit.

Management Response 02

All donation recovered cost accounts have been moved into one appropriations unit, and each donation expenditure account has been placed into a unique appropriation unit. This was completed by Ann Shawver in Finance on November 6, 2001.

Finding 03

A specific expenditure account and recovered cost account was not set up to account for the D.A.R.E. donations. The donations were accounted for in the Reimbursements account of the Police Services Division. This account contained funds from several sources, which made accountability for donated funds difficult. The related D.A.R.E. expenditures for donated funds were accounted for within the Police Investigations Division in the same account used to expend the City funded general D.A.R.E. expenditures. This also makes it difficult to maintain accountability for donated funds because the account structure makes it very difficult to match specific donated funds with the related expenditures.

Recommendation 03

We recommend that the Police Department separate donation accounts into unique expenditure and recovered cost accounts. The expenditure accounts should be in unique appropriations units. The related recovered cost account should be grouped with the other recovered cost accounts in one appropriations unit. The accounts should be setup with reasonable and conservative budgets based on historical collections of donations.

Management Response 03

All donation accounts for the Police Department have their own unique expenditure and recovered cost accounts and are in unique appropriation units as of November 20, 2001. The accounts are also setup with reasonable and conservative budgets based on historical collections of donations.

CONCLUSION

Based on our review of the D.A.R.E. account, D.A.R.E. expenditures appear to have been appropriate, and D.A.R.E funds do not appear to have been misappropriated.

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